

Testimony of Marie C. O'Brien, President
Connecticut Development Authority to the Labor Committee

**SB 711, AN ACT CONCERNING ELIMINATION OF ECONOMIC DEVELOPMENT FUNDS FOR
COMPANIES THAT REDUCE RETIREMENT BENEFITS**

February 10, 2009

The Connecticut Development Authority offers the following comments regarding SB 711 AN ACT CONCERNING THE ELIMINATION OF ECONOMIC DEVELOPMENT FUNDS FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS.

CDA believes that this bill will make Connecticut a less attractive environment in which companies can grow. Entrepreneurial businesses, late stage or mature companies need to be encouraged to take the measured risks of keeping Connecticut residents employed and expanding their businesses in order to grow and add jobs. The bill raises a number of key questions we believe will diminish Connecticut's home-based businesses' ability to succeed in this economic climate. Among them are:

- How would small companies deal with circumstances beyond their control in situations that require the flexibility to reduce retirement benefits in order to stay in business or stay in the state?
- The term "financial assistance" is broadly defined; do job training, incubator mentoring, and University-based internship programs qualify?
- If the company modifies its retirement benefits in violation of this bill and then has to pay the penalty (105% of assistance), how does the state address the loss of the very jobs being created?
- Who will fund the monitoring and valuation of all the retirement benefit systems of all the businesses receiving aid?
- What penalties are under consideration for companies receiving aid that might not meet notification requirements that retirement benefits have been modified? Would those funds cover the costs for the continuous proactive monitoring that would be required?
- How will the reporting of this activity be managed so as not to jeopardize Connecticut's investment in growing jobs and companies in the innovative areas of stem cell research, nanotechnology and clean energy?

The Authority understands the intent of this bill; however, we respectfully bring to your attention that businesses will not likely agree to expand in or come to Connecticut -- or to its agencies -- for assistance should this additional mandate be imposed.

We would urge the committee to consider the consequences of supporting this bill and suggest that, at this time, not taking favorable action on this proposal will help the state's many small businesses weather the global, national and state economic storm.